

Colorado State Housing Board Policy
October 3, 2007

Establishment of Affordable Housing Project Costs and Ranges

The Colorado State Housing Board and Division of Housing believe that high quality comparative data for determining reasonable building costs and the requirement of adequate operating and replacement reserves are essential to the long-term sustainability of affordable housing. As stated in the Colorado Revised Statutes, Section 24-32-702: “There exists in this State a need for additional adequate, safe, sanitary, and energy efficient new and rehabilitated dwelling units... for the public and statewide interest.”

Whereas:

The State Housing Board’s goal is to increase affordability and long term economic sustainability of Colorado’s affordable housing. We believe that adequate reserves are essential to the long-term economic sustainability of affordable housing projects, and that analysis of project costs prior to approval must be based on the most current, accurate and applicable data available. To that end:

- (1) The Division of Housing shall utilize in-house data on an annual basis to establish project assessment criteria and shall supplement this with external data from industry sources as deemed necessary.
- (2) The Division shall analyze data for trending, considering type of project and location type (urban vs. rural vs. resort area).
- (3) Division of Housing may require allocation of such replacement reserve and/or operating reserve as will be determined during the project review process. (A 3-6 months reserve recommended)
- (4) Division of Housing shall use industry data from the Building Owners and Managers Association (BOMA), Colorado Housing and Finance Authority (CHFA) and/or other industry sources to establish appropriate operating or replacement reserve requirements for a project.